

# Debunking the three biggest myths about on-demand labor





## Introduction

For many service organizations, incorporating on-demand labor into their blended workforce represents a new and unfamiliar way of connecting with skilled technicians.

With all new and unfamiliar things, this means that there are a lot of misconceptions about on-demand's strengths and weaknesses.

**Let's address the three biggest myths about on-demand labor and debunk them one by one.**

### MYTH 1

Utilization is the gold standard for measuring technician performance

*If I have full-time employees who can do the work, and if our technicians are utilized at a high rate, why wouldn't I just assign all of our work to them?*



A significant number of field service companies look to utilization (the percentage of a technician's billable time spent performing a work-related activity) as the north star metric for gauging technician efficiency and value. And to a certain extent, this makes sense: utilization assigns a concrete number to how "busy" a technician is over a period of time.

A close-up photograph of a person's hands using a white calculator on a wooden desk. The person is wearing a white shirt. In the background, there are some papers and a laptop. The image is slightly blurred, focusing on the hands and the calculator.

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However, utilization misses an important part of the big picture. Because it treats all types of work as interchangeable, utilization fails to account for whether *what* the technician is doing produces enough value to cover (and hopefully exceed) the cost of that technician.

High utilization doesn't always translate into higher revenue. Let's say a company boasts an impressive 90% utilization rate, but has Level 4 technicians driving 40 miles to do simple tasks like ATM cleanings or preventative maintenance.

This work isn't core to their business and is therefore not contributing to a positive ROI on their labor resources.

A different metric—revenue/technician/day—helps evaluate whether a given technician is doing the “right kind” of work, i.e. work that lines up with their skill level and cost. Revenue/technician/day encourages your organization to ask questions that uncover opportunities for optimizing revenue by allocating work to the most appropriate type of labor resource—full-time, subcontractor, or on-demand.

## MYTH 2

### On-demand labor is too costly



*The hourly rate of an on-demand technician is higher than that of my full-time employee. Why would I use a more expensive resource when I have a less expensive option on staff?*

It's natural to think this way. If you only look at hourly rates, it appears that on-demand labor is a more expensive option relative to traditional full-time employees.

But In reality, the opposite is true. When you compare the two options by the overall cost of work, on-demand workers cost up to 40% less than full-time employees.

This is because hourly rates don't factor in a host of additional costs impacting your bottom line.

For example: travel and idle costs. If you send a full-time employee on a job several hours away, you're compensating them for the time spent traveling to and from the worksite. Tapping on-demand technicians who are based closer to the worksite eliminates this idle cost completely.

Full-time employees also incur costs in the form of paid vacations and benefits, which are non-factors for on-demand workers.

When you combine these extraneous costs, full-time employees almost always wind up costing more than an on-demand option.

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### MYTH 3

Controlling the quality of outcomes is impossible with on-demand labor

*I can't afford to risk my customer relationship by using on-demand technicians. I get better quality with my full-time employees, so why wouldn't I trust them with business?*



Service companies often think they get better quality from their employees because they “own” the logistical details of their work life. They set their schedule, manage their training, etc.

But there are a few blindspots with this rationale.

The quality frequently associated with full-time employees is linked to vetting. Service companies interview candidates, confirm credentials, and secure background checks before hiring a technician.

Companies can get the same or better quality from on-demand technicians if they apply the same discipline to their on-demand search.

By putting the same degree of care into your independent contractor vetting as you would with a full-time hire, you can ensure that your on-demand technicians have everything they need to represent your company.

If you're using an on-site talent platform, platform ratings and job history can help you quickly create a list of prospective technicians. Companies can even build talent pools of screened on-demand technicians, which allows them to quickly route future work to a group of vetted, trusted professionals.

As with full-time employees, arming these technicians with detailed statements of work (SOWs) will go a long way toward securing the highest level of quality.

Interested in learning more about on-demand labor? [Speak with one of our Field Service Advisors.](#)

**Shawn Fields** brings more than 30 years of IT industry experience to Field Nation — with expertise aiding clients in retail, financial services, manufacturing, life sciences, food and beverage, state government, IT, and utilities. He has successfully led the entire spectrum of IT services in the outsourcing arena, advising notable clients like Intel, GE, Citi, NASA, Rockwell Automation, Coca-Cola, Honeywell, AT&T, Bank of America, Booz Allen Hamilton, SunTrust, Georgia-Pacific, Southern Company, Levi, and BMW. Additionally, Shawn has led innovation, design thinking and digital transformation projects for large clients across multiple continents.

## About Field Nation

Field Nation is the leading on-site talent platform connecting companies and service professionals to get work done.

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